

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

Postal Regulatory Commission  
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Valassis NSA

Docket No. MC2012-14

Docket No. R2012-8

RESPONSE OF NEW ENGLAND MEDIA GROUP TO NOTICE OF INQUIRY NO. 1

We submit this declaration in support of NAA's Response to Notice of Inquiry No. 1

The New England Media Group (NEMG) publishes The Boston Globe, The Sunday Globe, The Telegram & Gazette and the Sunday Telegram & Gazette (Worcester, MA). NEMG also distributes two TMC products; Globe Direct and TG Direct. Collectively, the combined distribution each Thursday via USPS is over 1 million packages. The Boston Globe also distributes via private carrier 'Savings Central' to approximately 85,000 households every Saturday.

Each of the products delivers numerous preprints for national durable goods and semi-durable goods retailers. The following outline will provide a high level view of the revenues these preprints represent to both NEMG as well as the United States Postal Service.

Approving this NSA between Valassis and the USPS will clearly provide Valassis with an unfair competitive advantage for distributing these late week preprints which are predominately part of our newspaper's Sunday and Savings Central packages.

Should this NSA win approval by the PRC and Valassis is successful in selling these preprints out of our weekend products, NEMG will be given no alternative but to give serious consideration to moving most of the TMC mail to a private contractor for distribution.

Understand that NEMG's first choice would be to continue our 20+ year relationship with the USPS, a delivery vehicle which has been key to our TMC growth and success. Unfortunately,

should NEMG lose substantial preprint revenue we will have no alternative than to dramatically cut costs. The USPS would certainly be the recipient of those cost cutting measures.

Please consider the impact this poses to the newspaper industry, as well as the long term impact to the USPS and deny approval of this proposed NSA.

Response to Questions:

1. For fiscal year 2010, we estimate that advertising inserts for durable and semi-durable goods for national retailers represented 13% of total advertising revenues (including ROP, classified and digital advertising), 17% of total print advertising revenue and 79% of total preprint advertising revenue.
2. For fiscal year 2011, we estimate that advertising inserts for durable and semi-durable goods for national retailers represented 12% of total advertising revenues (including ROP, classified and digital advertising), 16% of total print advertising revenue and 78% of total preprint advertising revenue.
3. For fiscal year 2011, we estimate that we distributed 62 million packages of TMC advertising inserts displaying durable and semi-durable goods for national retailers via the Postal Service and 11 million packages via private delivery carriers or through other delivery methods.
4. For fiscal year 2010, we estimate that we mailed approximately 61 million packages of TMC product for which we paid the Postal Service approximately \$9.4 million.
5. For fiscal year 2011, we mailed approximately 62 million packages of TMC product for which we paid the Postal Service approximately \$9.1 million.
6. We estimate that the Postal Service will lose approximately \$7.5 million from our mid-week TMC postage if the Valassis NSA is approved.

I declare under penalty of perjury that the foregoing is true and correct.

Paul J. Pelland  
Signature

6/29/12  
Date

Paul J. Pelland  
President; Globe Direct